



Consumer Education Literature

Pursuant to “Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 (RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24)” dated October 19, 2023 (as amended), The RBI has clarified certain aspects of Overdue dates and SMA/NPA classification dates etc., as mentioned below, to ensure uniformity across all lending institutions.

Due date/repayment date

It is the date on which the principal / interest / any charges levied on the loan account are payable as mentioned in sanction terms/loan agreement.

Overdue (default) accounts

An account shall be in default when principal including arrears of interest and any other amount due is not paid in full as seen on the respective due date mentioned in sanction terms/loan agreement, such account shall be specified as overdue loan account.

The Company shall flag the Loan account as overdue as part of the day-end processes for the due date, irrespective of the time of running such processes.

Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)

An overdue loan account shall be classified as SMA (Special Mention Account) or NPA (Non-Performing Asset) as per RBI regulations as notified vide circular dated November 12, 2021 and February 15, 2022.

Classification as Special Mention Account (SMA)

The Company shall recognise incipient stress in borrower accounts, immediately on default, by classifying them as special mention accounts (SMA). The basis for classification of SMA categories shall be as follows: **Loans other than revolving facilities**

SMA Sub-categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue
SMA-0	Upto 30 days
SMA-1	More than 30 days and upto 60 days
SMA-2	More than 60 days and upto 90 days

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Classification as Non-Performing Asset (NPA)

The loan account shall be classified as Non-Performing Asset (NPA) when Principal or interest payment or any other amount remains overdue for a period of more than 90 days.

The examples of Special Mention Account (SMA) and Non-Performing Asset (NPA) classification mentioned below are illustrative and not exhaustive in nature and relate to general scenarios.

Illustration:

If the instalment due date of a loan account falls on April 05, 202X, May 05, 202X, June 05, 202X, July 05, 202X and so on, then the SMA/NPA classification for the respective due amount will be done upon running day end processes. The indicative SMA/NPA classification of the amount falling due on April 05, 202X shall be as follows:

Respective Due Date	Payment Status	Days Overdue	Upon Running day end process on	SMA/NPA Classification
April, 05, 202X	Amount due on 05-Apr-202X not paid in full	Upto 30 days	April 05, 202X	SMA-0
	Amount due on 05-Apr-202X still not paid in full and the subsequent due amount also not paid	More than 30 days and upto 60 days	May 05, 202X	SMA-1
	Amount due on 05-Apr-202X still not paid in full and the subsequent due amount also not paid	More than 60 days and upto 90 days	June 04, 202X	SMA-2
	Amount due on 05-Apr-202X still not paid in full and the subsequent due amount also not paid	More than 90 days	July 04, 202X	NPA

Upgradation of Accounts classified as Non-Performing Asset (NPA):

The loan account classified as NPA can be upgraded as “Standard” only if the entire arrears of interest, principal and any other amount due are paid in full and there is NIL arrears upon running day end process of that calendar date.

For detailed guidelines on asset classification and provisioning, please refer to the RBI Master **Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended**. The above asset / SMA classification norms are subject to changes as per regulatory instructions issued from time to time.

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